



Report to: General Committee

Meeting Date: May 24, 2022

SUBJECT: Tax Write-offs in Accordance with Section 354 of the
Municipal Act, 2001

PREPARED BY: Shane Manson, Senior Manager, Revenue & Property Tax

RECOMMENDATION:

1. That the report entitled Tax Write-offs in Accordance with Section 354 of the *Municipal Act, 2001* be received; and,
2. That taxes for 2021 totalling \$129,347 as set out in this report, of which the City's portion is \$30,849 be written-off pursuant to Section 354 of the *Municipal Act, 2001*; and,
3. That the City of Markham's portion of the taxes be charged to the Tax Write-off Account 820-820-7040; and,
4. That the Treasurer be directed to remove these amounts from the Collector's Roll; and,
5. That the associated interest be cancelled in proportion to the tax adjustments; and,
6. That staff be authorized to and directed to do all things necessary to give effect to this resolutions.

PURPOSE:

The purpose of this report is to obtain the approval of Council to write-off amounts on various property accounts included within Appendix A of this report.

BACKGROUND:

The provisions included within section 354 of the *Municipal Act, 2001 (The Act)* provide the Treasurer the authority to recommend to Council that uncollectible amounts be written-off in whole or in part, including on property owned by Canada, a province, and or a Crown Agency of either of them.

OPTIONS/ DISCUSSION:

Properties owned by the federal and/or provincial governments are exempt from property taxation but are eligible to make Payments in Lieu of Taxes (PILTs) payments. PILTs are unlike property taxes in two important ways: PILTs are made voluntarily, and the government has the discretion with determining the property values and the property classification is used for calculating PILTs.

The City's PILT requests are calculated using the current value assessment (CVA) and tax classifications returned on the assessment roll by the Municipal Property Assessment Corporation (MPAC), multiplied by the applicable tax rates for the property. In most cases, PILTs are paid in the amounts requested by the City of Markham.

There are currently 193 properties in City of Markham which are eligible to make PILT payments. The total amount billed for these properties for 2021 was \$1,734,164 of which the City received payment for \$1,609,666 or 93%, leaving the remaining amount of \$124,498 or 7% outstanding, of which the City's share is \$30,192.

Staff has determined, the outstanding amount of \$124,498 is attributed to twenty-eight (28) properties which are owned by the Government of Canada. Public Services and Procurement Canada (PSPC) (formerly and commonly referred to as Public Works Canada) is a department of the federal government. A consolidate listing of the 28 properties is included within Appendix A.

The PILT amounts paid each year by Public Works on these 28 properties has not represented the full amount billed, but rather an adjusted amount which is based on the Crown interpreting these properties as being in the farm class, rather than the residential class as determined by MPAC. The Crown has the discretion with determining both the property values and the property classification used for calculating PILT payments. As the City does not have the authority to require the Crown to make full payment on PILT requests, Staff are recommending that the outstanding amount be written-off. In previous years there was 35 properties included within this grouping, however now this has been reduced to 28, as the remaining 7 properties have been transferred into the ownership of Parks Canada Agency. Currently, Parks Canada Agency and the Municipal Property Assessment Corporation (MPAC) are undertaking a review of the Parks Canada properties and staff will report back to Council should any amounts be required to be adjusted.

In addition, there are three (3) properties which are owned by the City and the taxes are collected from tenants. These 3 property tenants have outstanding taxes from 2021 due to the closure of facilities in response to the COVID-19 pandemic. In May 2020, Council gave the Senior Manager of Real Property and the Treasurer the authority to amend the City's leases and other agreements with tenants and licensees of City-owned properties to address situations arising from an Emergency. In alignment with the rental payment waiver, Staff recommend to write off the 2021 taxes for these 3 tenants which total \$4,849 of which the City's share is \$657.

FINANCIAL CONSIDERATIONS

The amounts recommended for write-off total \$129,347 (\$124,498 + \$4,849). Of this total, the City's portion is \$30,849 (\$30,192 + \$657) the Region's portion is \$65,623 (\$64,210 + \$1,413) and the Province's portion is \$32,875 (\$30,096 + \$2,779). The write-off amounts for both the Region and the Province will be charged back accordingly through the annual remittance payment. The City's portion of the write-off amount will be charged to account 820-820-7040 (being the Tax Write-off Account).

HUMAN RESOURCES CONSIDERATIONS

N/A

ALIGNMENT WITH STRATEGIC PRIORITIES:

N/A

BUSINESS UNITS CONSULTED AND AFFECTED:

N/A

RECOMMENDED BY:

Joel Lustig

Trinela Cane

ATTACHMENTS:

Appendix A: Write-off Summary

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Property #	Ward	Roll Number	Property Location	Owner	No. of Years Outstanding	Amount to be Written-off
1	5	36-03-0-242-53000-0000	0 NINTH LINE W/S	PUBLIC WORKS CANADA	1	\$1,619
2	5	36-03-0-242-54000-0000	0 NINTH LINE	PUBLIC WORKS CANADA	1	\$950
3	5	36-03-0-242-54100-0000	0 NINTH LINE W/S	PUBLIC WORKS CANADA	1	\$4,244
4	5	36-03-0-242-70000-0000	11306 NINTH LINE	PUBLIC WORKS CANADA	1	\$1,301
5	5	36-03-0-243-10000-0000	6445 19TH AVE	PUBLIC WORKS CANADA	1	\$6,109
6	5	36-03-0-261-81400-0000	9992 YORK-DURHAM LINE	PUBLIC WORKS CANADA	1	\$1,643
7	5	36-03-0-261-85500-0000	7255 MAJOR MACKENZIE	PUBLIC WORKS CANADA	1	\$15,905
8	5	36-03-0-262-24800-0000	0 MAJOR MACKENZIE N/S	PUBLIC WORKS CANADA	1	\$3,252
9	5	36-03-0-262-27600-0000	7192 MAJOR MACKENZIE	PUBLIC WORKS CANADA	1	\$964
10	5	36-03-0-262-35400-0000	7630 MAJOR MACKENZIE	PUBLIC WORKS CANADA	1	\$6,865
11	5	36-03-0-262-67700-0000	10389 NINTH LINE	PUBLIC WORKS CANADA	1	\$8,883
12	5	36-03-0-262-78000-0000	10531 NINTH LINE	PUBLIC WORKS CANADA	1	\$8,726
13	5	36-03-0-263-34500-0000	0 REESOR RD W/S	PUBLIC WORKS CANADA	1	\$2,559
14	5	36-03-0-263-55000-0000	10377 REESOR RD	PUBLIC WORKS CANADA	1	\$7,018
15	5	36-03-0-264-81700-0000	7356 ELGIN MILLS RD E	PUBLIC WORKS CANADA	1	\$5,458
16	5	36-03-0-265-08400-0000	10903 NINTH LINE	PUBLIC WORKS CANADA	1	\$2,796
17	5	36-03-0-265-21100-0000	11129 NINTH LINE	PUBLIC WORKS CANADA	1	\$7,493
18	5	36-03-0-266-08400-0000	11201 REESOR RD	PUBLIC WORKS CANADA	1	\$7,216

